

TAX TIPS
TRANSIENT RETAILERS
CONDUCTING BUSINESS IN DELAWARE

Things You Should Know

Definition 30 Del. C., Ch. 29 and 6 Del. C., Ch. 47

Any retailer who transacts a temporary or transient business from a building, structure, motor vehicle or real estate for a period of less than four (4) months during the year or less than 90 actual day of business is required to comply with the provisions of Chapter 47 of Title 6 of the Delaware Code regarding the licensing and bonding provisions as a Transient Retailer.

Transient retailers must obtain a business license, \$75 for the first place of business and \$25 for each additional location. Licenses must be renewed annually on or before December 31st of each year and may be prorated during the initial year of business. Transient retailers must also register with the Division of Revenue describing their merchandise to be sold and the name and address of his/her registered agent within Delaware. Additionally transient retailers must supply a bond in the amount of \$1,000 to the Division of Revenue. The statute provides for ten exemptions from the above provisions. Retailers falling within enumerated categories in Chapter 47, Title 6, Delaware Code are not subject to the foregoing but must obtain a transient retailers license (\$25) if they conduct business for ten days or less during any year and do not intend to become a permanent retailer. See Technical Information Memorandum 87-3 and 91-2 for more information.

Gross Receipts

Consideration for services rendered includes cash, checks, credit cards, gift certificates, travelers checks, money orders, barter, trade-ins manufacturer's coupons and rebates, and any other consideration of any kind. Unless specifically exempted, every type of service provided is subject to an annual license fee and an additional fee based on the gross receipts received from such services. This additional license fee is called a 'gross receipts tax'.

Gross Receipts Do Not Include:

- Tobacco products tax or motor fuel taxes paid or payable to the State of Delaware
- Gasoline or special fuel taxes paid to the Federal government
- Alcoholic beverages sold for off-premise consumption authorized by the Alcoholic Beverage Control Commission
- Home heating oil
- Returned merchandise
- Like kind exchanges
- 'In Store' or 'Doubling' of manufacturer's coupons
- Motor vehicles, trailers and motorcycles titled to the owner
- Unprocessed agricultural products including nursery and floral sold by the owner of the farm or nursery

- Sales of handmade, painted or craft objects by the artist or craftperson of less than \$1,000 per year
- Crabs sold by a person who holds a Delaware license to conduct commercial crabbing
- Sales by non-profit organizations exempt from Federal taxation under 501(c) of the Internal Revenue Code
- Certain sales to the State of Delaware which are administered by the Department of Administrative Services

Gross Receipts May Not be Reduced By:

- Cost of material and/or labor
- Interest, discount or delivery costs
- State or Federal taxes

License and Gross Receipts Requirements

A transient retailer is required to obtain a business license -- \$75 for the first location and \$25 for each additional location -- which must be renewed annually on or before December 31st of each year. Additionally, every retailer must pay a gross receipts tax at the rate of .576% (.00576) for taxable gross receipts received from selling tangible personal property. The first \$80,000 of gross receipts received per month (\$240,000 quarterly) are exempt from the gross receipts tax. Specific instructions will be sent with the personalized gross receipts coupon book. To register with the Division of Revenue and obtain a business license, please complete a Combined Registration Application, available on the Internet, and mail to the Division of Revenue with the appropriate fee.

Note: Transient retailers who are exempt from the provisions of Chapter 47 of Title 6, are subject to an annual gross receipts tax at the rate of .00576 on gross receipts which exceed \$3,000 annually.

Tax Rates and Exclusions

	Tax Rate	Monthly Exclusion
Transient Retailer	.00576	\$80,000
Sample Calculation	Total Gross Receipts	\$173,000
	Less Exclusion	<u>80,000</u>
	Taxable Gross Receipts	\$ 93,000
	Tax Rate	<u>x .00576</u>
	Tax Due	\$ 536

(Note: Delaware requires that tax due be rounded-off to the nearest dollar amount.)

Due Dates of Returns

New licensees will file on a quarterly basis through their first calendar year. The Division of Revenue will then perform a 'lookback' procedure and determine if the filing frequency should be changed.

Monthly Filers	20 th day of the following month
Quarterly Filers	last day of the first month after the end of the calendar quarter.

Gross Receipts Tax Exemption

Effective January 1, 1997, House Bill No. 678, exempts from business license gross receipts tax transactions between small, closely held firms. To qualify, the subject firms must be 80% owned by the same five or fewer shareholders, or 100% owned by the same family.

Common Ownership/Direction

Businesses which operate their separate branches by the use of separate operating corporations are only entitled to one monthly or quarterly exclusion for the enterprise to the extent that the corporations have common ownership or common direction and control.

Caution Concerning Multiple Exclusions

Nearly all licensees are permitted to reduce their monthly or quarterly gross receipts by certain specific exclusions in determining their taxable gross receipts. The Delaware Code limits the number of allowable exclusions for each general business activity. A taxpayer conducting a business activity for which an exclusion is provided is entitled to **ONLY ONE** monthly or quarterly exclusion regardless of the number of locations at which such activity is conducted. For example, a taxpayer who operates multiple convenience stores at which gasoline is also sold should aggregate the receipts from all goods sold at all locations and subtract only one monthly exclusion. Separate retail licenses are not required for the sale of food and petroleum products. While the Division of Revenue may assign a unique business code which reflects the primary product sold, retailers, wholesalers and manufacturers may sell or manufacture multiple product lines without obtaining a separate license for each product line. However, separate licenses are required and separate exclusions are permitted if a taxpayer conducts more than one **ACTIVITY**, such as retailing and wholesaling.

Regulatory and Local Requirements

The Business License Issued by the Division of Revenue is not a regulatory license and the issuance of such license does not attest to the qualifications of the applicant to perform the activity described on such license. Many local jurisdictions have requirements for a business license and may have restrictions concerning the locations of conducting the referenced business activity. Please check with the local government office in the town, city or county in which you will conduct your business.

The State of Delaware also has a Division of Professional Regulations. Many occupations and some types of equipment have regulatory requirements. Please contact the Division of Professional Regulation for more information.

General

If you have any questions, please contact one of the following offices.

<i>Wilmington</i>	<i>Dover</i>	<i>Georgetown</i>
Division of Revenue Carvel State Office Building 820 North French Street Wilmington DE 19801 (302) 577-8205	Division of Revenue Thomas Collins Building 540 South DuPont Highway Suite 2 Dover DE 19901 (302) 744-1085	Division of Revenue Suite 2 422 North DuPont Highway Georgetown DE 19947 (302) 856-5358

or by e-mail at: richard.jezyk@state.de.us (302) 577-8265

DELAWARE DIVISION OF REVENUE
GROSS RECEIPTS TAX RETURN FOR TRANSIENT RETAILERS - FORM LQ10 9801

LQ

ACCOUNT NUMBER	TAX PERIOD ENDING	DUE ON OR BEFORE	BUSINESS CODE GROUP DESCRIPTION 403 RET-TRANSIENT
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BUSINESS NAME AND ADDRESS

Check Here
If A Request
For Change
Form Is
Being Filed


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1. TOTAL GROSS RECEIPTS FOR QUARTER	\$	00
2. LESS EXCLUSION (Maximum \$3,000 per year)	\$	00
3. TAXABLE AMOUNT (Subtract Line 2 from Line 1)	\$	00
4. BALANCE DUE, LINE 3 X 0.00576 =	\$	00

AUTHORIZED SIGNATURE I declare under penalties of perjury, that this is
a true, correct and complete return.

DATE

TELEPHONE NUMBER

Mail This Form With Remittance Payable To:
 Delaware Division of Revenue
 P.O. Box 2340, Wilmington, DE 19899-2340
 For questions, call (302) 577-8780

If desired, provide an e-mail address where we may contact you regarding this return.

E-MAIL ADDRESS

CUT ALONG THIS LINE AND SEND THE ABOVE PORTION WITH ANY PAYMENT DUE

GROSS RECEIPTS TAX RETURN - MONTHLY

Complete the return above, sign, date and file by the due date. You may file all monthly or quarterly returns at the end of the year if no tax is due on any of the returns.

To Update Your Contact/Business Information on File with Revenue:

[Remit a License Request for Change form](#)

To Change Tax Information You've Already Reported:

[Remit an Amended return](#)

SPECIFIC LINE INSTRUCTIONS

PLEASE NOTE: THE DIVISION OF REVENUE REQUIRES ROUNDING OF ALL AMOUNTS ON ALL GROSS RECEIPTS RETURNS.

- Line 1 - Enter on Line 1 the amount of your total gross receipts from sales, rents services, or commissions for the tax period.
 Line 2 - The maximum allowable exclusion is \$3,000 for the year. (If you do not exceed the exclusion amount during the first quarter, carry over to the next quarter only the unused portion. See example below.)
 Line 3 - Subtract Line 2 from Line 1 and enter the result on Line 3. If this is a negative amount or zero, enter zero on Line 3. (No tax is due. Sign, date and file this return.)
 Line 4 - Multiply Line 3 by the gross receipt tax rate printed on the return. Enter the result on Line 4. This is the amount of tax that is due and payable with the filing of this return.

If you have not already renewed this year's business license, do it now to avoid a \$200 penalty.
 Go to www.delaware.gov to renew your business license online!

SAMPLE COMPLETED RETURN

1ST QUARTER
TAX PERIOD ENDING 3/31/2006

1. TOTAL GROSS RECEIPTS FOR QUARTER	\$	2,800	00
2. LESS EXCLUSION (Maximum \$3,000 per year)	\$	2,800	00
3. TAXABLE AMOUNT (Subtract Line 2 from Line 1)	\$	00	00
4. BALANCE DUE, LINE 3 X 0.00576 =	\$	0	00

2ND QUARTER
TAX PERIOD ENDING 6/30/2006

1. TOTAL GROSS RECEIPTS FOR QUARTER	\$	3,500	00
2. LESS EXCLUSION (Maximum \$3,000 per year)	\$	200	00
3. TAXABLE AMOUNT (Subtract Line 2 from Line 1)	\$	3,300	00
4. BALANCE DUE, LINE 3 X 0.00576 =	\$	19	00

Monthly Gross Receipts Tax Returns are due on or before the 20th day of the month following the end of the tax period.

MONTH END	DUE DATE	MONTH END	DUE DATE	MONTH END	DUE DATE	MONTH END	DUE DATE
01/31/2006	02/21/2006	04/30/2006	05/22/2006	07/31/2006	08/21/2006	10/31/2006	11/20/2006
02/28/2006	03/20/2006	05/31/2006	06/20/2006	08/31/2006	09/20/2006	11/30/2006	12/20/2006
03/31/2006	04/20/2006	06/30/2006	07/20/2006	09/30/2006	10/20/2006	12/31/2006	01/22/2007

For questions or to speak with a customer service representative, please call Revenue's Gross Receipts Department at (302) 577-8780.